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SUBJECT: FOREIGN INVESTMENT UP IN OMAN

¶1. (U) On March 3, Minister of National Economy Ahmed bin Abdul Nabi Macki released inward foreign investment figures for 2006. Total gross foreign investment in Oman reached 5.99 billion Omani rials (USD 15.58 billion) in 2006, a 1.99 billion rial (USD 5.17 billion) increase from the 4 billion rial (USD 10.41 billion) figure reported in 2005. Macki attributed the rise in foreign investment to increased interest in the various industrial projects in the northern port city of Sohar, as well as in tourism development and energy exploration.

¶2. (U) As for the value of foreign direct investment (FDI), Macki noted that it had jumped from 1.62 billion rials (USD 4.21 billion) in 2005 to 2.26 billion rials (USD 5.87 billion) in 2006. Leading the pack was investment from the United Kingdom (USD 1.695 billion), followed by the United Arab Emirates (USD 996.2 million) and the United States (USD 774 million). According to the Ministry, U.S. FDI posted the strongest gain from 2005, rising USD 507 million. Of the total FDI, 41.4% was concentrated in the oil and gas sector, followed by industry (18.5%) and financial services (16.1%).

¶3. (SBU) Khalifa al-Hinai, Technical Advisor to the Minister of Oil and Gas, commented to Econoff that the Ministry was "very interested in the participation of foreign oil companies" in the energy sector, and that the Ministry would continue to pursue them in its efforts to raise both oil and gas production figures. Prakash Gabra, Chief Financial Officer for OMRAN, the government's tourism investment company, was equally pleased with the interest shown by foreign investors in working with the government to develop Oman's new integrated tourism complexes, which offers expatriates the opportunity to buy freehold property in the Sultanate for the first time. Recent inquiries directed to Econoff by several financial institutions, including Bank Muscat, show continued interest in attracting U.S. investment to further tourism development projects. In the industrial sector, Oman Arab Bank Deputy General Manager Michel LeFur indicated that Oman Oil, the government's investment arm for the development of Sohar, was actively looking for foreign investors to participate in the development of downstream opportunities.

¶4. (SBU) Arabic private daily "al-Watan," however, criticized the amount of foreign investment entering Oman in an editorial entitled, "Let's Protect Ourselves against Foreign Capital." While it usually confines itself to criticizing GCC nationals for purchasing real estate in Oman (and thus driving up prices), the newspaper continued in the same vein by noting that, "As the Ministry of National Economy's numbers indicate, foreign investments are on the rise. We

have to act in order to reduce the influence of the foreign  
investments on our lifestyle and cost of living."  
GRAPPO